

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2129 - SB 2118

March 1, 2022

SUMMARY OF BILL AS AMENDED (014648): Substitutes the Wildlife Management Endowment Fund (WMEF) with the Lifetime Sportsman Endowment Fund (LSEF). Establishes that the LSEF is an irrevocable trust for the exclusive benefit of lifetime sportsman license holders.

Requires all funds currently held in the WMEF be deposited into the LSEF. Establishes that proceeds of various means currently deposited into the WMEF will now be deposited into the LSEF. Requires that the entirety of the transfer of the balance from the WMEF to the LSEF, and of such proceeds, including those received from the sale of lifetime sportsman's licenses, from cash donations or donations of property converted or to be converted to cash, or such other sources as may be deemed appropriate, are designated as corpus of the trust and may not be expended for any purpose. Authorizes that assets in the LSEF may be invested in any security or investment in which the Tennessee Consolidated Retirement System (TCRS) is permitted to invest.

Requires that income earned and accruing from investments of the trust must only be used for the exclusive benefit of lifetime sportsman license holders and to pay the reasonable expenses incurred in administering and investing the trust assets. Authorizes assets of the trust to be invested with other funds, including the TCRS and the State Pooled Investment Fund (SPIF). Establishes that the trust has the powers, privileges, and immunities of a corporation.

Creates a group of trustees that will oversee the LSEF and prescribe investment policies and guidelines. The State Treasurer, or the Treasurer's designee shall service as the chair of such trustees. Requires such trustees to prepare annual financial reports and subjects all reports, books, accounts, and financial records to audit by the Comptroller of the Treasury.

FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Revenue - \$3,425,000/FY22-23 and Subsequent Years/
Lifetime Sportsman Endowment Fund**

**Decrease State Revenue – \$3,425,000/FY22-23 and Subsequent Years/
Wildlife Management Endowment Fund**

Other Fiscal Impact – There will be a one-time shift of approximately \$71,540,900 from the Wildlife Management Endowment Fund to the newly created Lifetime Sportsman Endowment Fund in FY22-23.

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Assumption:

- This legislation will result in the current balance of the WMEF being deposited in to the LSEF.
- Based on information from the Tennessee Wildlife Resources Agency (TWRA), as of January 2022, the balance of the WMEF was \$71,540,884.
- A one-time shift in funds from the WMEF to the LSEF of \$71,540,884 in FY22-23.
- Additionally, the proceeds of certain sources listed in Tenn. Code Ann. § 70-1-502 (1)-(3), currently deposited into the WMEF, will also be deposited into the LSEF.
- Proceeds currently include sales of lifetimes sportsman licenses (1), proceeds from cash donations or donations of property converted or to be converted to cash (2), and such other sources as may deemed appropriate (3).
- Over the past five fiscal years, annual sales of lifetime sportsman licenses have averaged \$3,311,416. TWRA is unable to provide information related to “(2)” or “(3).”
- A recurring decrease in state revenue to the WMEF and corresponding recurring increase in state revenue to the LSEF of \$3,311,416.
- Additionally, investment revenue currently gained in the SPIF that is deposited into the WMEF will be deposited into the LSEF.
- Over the past five fiscal years, such annual investment revenue has averaged \$113,549.
- The \$113,549 currently deposited into the WMEF will now be deposited into the LSEF.
- A recurring increase in state revenue to the LSEF and decrease in state revenue to the WMEF of \$113,549.
- A total recurring increase in state revenue to the LSEF of \$3,424,965 (\$3,311,416 + \$113,549) in FY22-23 and subsequent years.
- Such transferred balance, as well as the proceeds from such aforementioned sources will be set as corpus or principal of this new trust and may not be expended, but held for investment purposes.
- A total recurring decrease in state revenue to the WMEF of \$3,424,965 (\$3,311,416 + \$113,549) in FY22-23 and subsequent years.
- The trustees of this LSEF and trust, in general, will implement guidelines for the investment of such corpus.
- Due to numerous unknown variables, any additional investment revenue earned as a direct result of this legislation cannot be determined with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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